

Japan

The Nomura/JMMA Japan Manufacturing PMI has historically tracked trends in economic growth more closely than the BoJ Tankan survey

Visual comparisons of the track record of both the Nomura/JMMA Japan Manufacturing PMI and BoJ Tankan surveys against official GDP and METI output estimates (see charts 1 – 4) suggest that the PMI has been a more consistent measure of trends in actual economic activity since its inception in October 2001.

The PMI has mirrored the movements seen in Japanese GDP and manufacturing output estimates (see charts 1 & 2), achieving **correlations of 0.83 and 0.88** respectively against official figures. In contrast, it appears that the BoJ Tankan survey has historically been a weaker gauge of economic tendencies (see charts 3 & 4), displaying a **correlation of 0.60** against official GDP estimates and **0.43** with the official METI manufacturing output series.

Furthermore, PMI data are released on a monthly basis providing a crucial and up to date snapshot of conditions in the Japanese economy. In comparison, the BoJ Tankan survey is published towards the end of each quarter. This not only implies that the PMI is a timelier indicator of trends in economic activity, but suggests that it is more responsive to actual fluctuations in official estimates due to its monthly frequency.

Chart 1: GDP vs. Nomura/JMMA Japan Manufacturing PMI

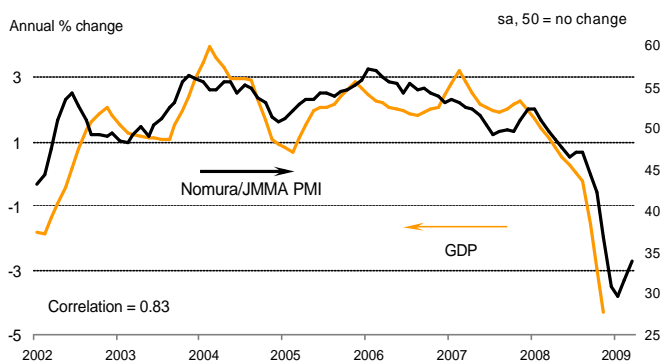


Chart 2: METI Manufacturing Output vs. PMI Output Index

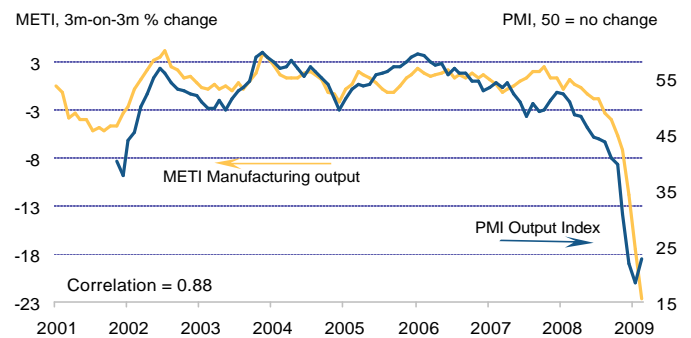


Chart 3: GDP vs. BoJ Tankan (All industries) Survey

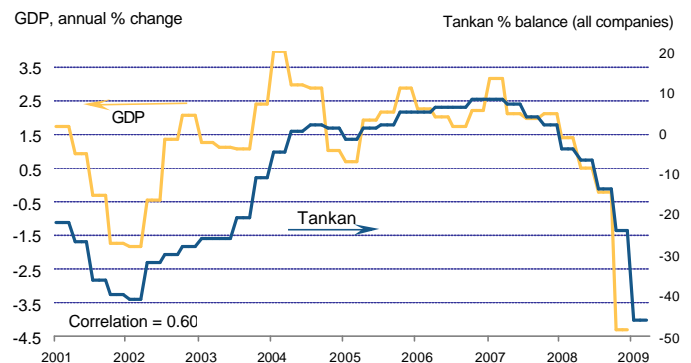
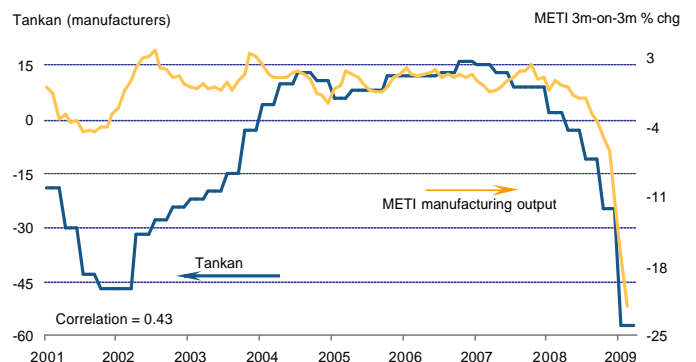


Chart 4: METI Manufacturing Output vs. BoJ Tankan (manufacturers) Survey



The next Japan Manufacturing PMI is released on the 30th April 2009. To find out how to receive data from the surveys, or obtain copies of the reports please contact economics@markit.com

Alex Hamilton

Economist

Markit

Tel: +44 1491 461 076

Email: alex.hamilton@markit.com

For further information, please visit www.markit.com

The intellectual property rights to this report provided herein is owned by Markit Group Limited. Any unauthorised use, including but not limited to copying, distributing, transmitting or otherwise of any data appearing is not permitted without Markit's prior consent. Markit shall not have any liability, duty or obligation for or relating to the content or information ("data") contained herein, any errors, inaccuracies, omissions or delays in the data, or for any actions taken in reliance thereon. In no event shall Markit be liable for any special, incidental, or consequential damages, arising out of the use of the data. Markit is a trademark owned by the Markit group.